(c) In view of (b) above, question does not arise.

New Rural Banks in Punjab

311. SHRI IQBAL SINGH: Will the Minister of FINANCE be pleased to state:

(a) whether Govemment propose to set up new rural banks in the different parts of the State of Punjab during the year 1997-98;

(b) if so, the details thereof and the location identified for the purpose; and

(c) the steps being taken by Govemment in this regard?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): (a) to (c) The hon'ble Member is presumably referring to the establishment of local area banks in the private sector. With a view to providing institutional mechanisms for promoting rural savings as well as for the provision of credit for viable economic activities in the rural areas, it has been decided to allow the establishment of new local area banks in the private sector in the country. This is expected to bridge the gap in credit availability and enhance the institutional credit frame-work in the rural and semi-urban areas.

Reserve Bank of India has so far received four applications from promoters for setting up of local area banks in the State of Punjab in districts of (a) Patiala, Jullandhar, Ludhiana, (b) Ropar, Jullandhar (c) Ludhiana, Ropar and Union Territory of Chandigarh and (d) Ludhiana, Jullandhar and Newan Shahar. The applications are at various stages of scrutiny. News-Item regarding Oil dues

312. SHRI O.P. KOHLI: Will the Minister of FINANCE be pleased to state:

(a) whether Government's attention has been drawn to the news-item appearing in the Hindustan Times dated 8th January, 1997, under the heading "FM urged to return oil dues";

(b) if so, the reasons for taking sums over Rs. 30,000 crore from the oil sector by Govemment, giving the break-up of the sum and the year in which they were withdrawn; and

(c) whether Govemment have returned the money to oil fund and if not, the reasons thereof?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): (a) to (c) Section 15 of the Oil Industry Development Act, 1974 provides for the levy of a cess "for the purposes of the Act". The purpose of the Act is development of oil industry. Under Section 2(k) of the Act, the term "Oil industry" includes all activities by way of prospecting or exploring for or production of mineral Oil, refining, processing, transportation, storage, handling, and marketing of mineral Oil, production and marketing of all products, downstream of an Oil refinery and the production of fertilisers and Petro-chemicals and all activities directly or indirectly connected therewith. Thus, the term "Oil industry" includes fertilisers and petro-chemicals also for the purpose of the Act. Section 16 of the Act provides that the cess is to be credited into the consolidated Fund of India and the Central Govemment may, if Parliament, by appropriation made by law, so provides, pay to the Oil Industries Development Board such sums of money out of the proceeds of cess, as it may think fit for being utilised exclusively for the purposes of the Act.

It would, therefore, be seen from the provisions of the Oil Industry Development Act, 1974 that the cess is to be credited into the Consolidated Fund of India and such amounts as deemed fit may be paid to the Oil Industry Development Board. To the extent the cess collection exceeds the sums paid to OIDB, it becomes a resource for financing Govemment expenditure in the Oil and Natural Gas, Petro-chemicals and Fertilisers sectors including direct and indirect budgetary support to the Central Public Sector Undertakings in these sectors.

Because of the resources made available from the cess receipts, the Govemment allowed the Oil sector Public Sector Undertakings to retain profits instead of distributing a larger share of the profits in the form of dividends to the Govemment, which was until recently the sole shareholder in these companies. The extent of accumulated retained profits of the Oil sector Public Sector Undertakings may be guaged from the level of their free reserves and surpluses, which are shareholders' funds and